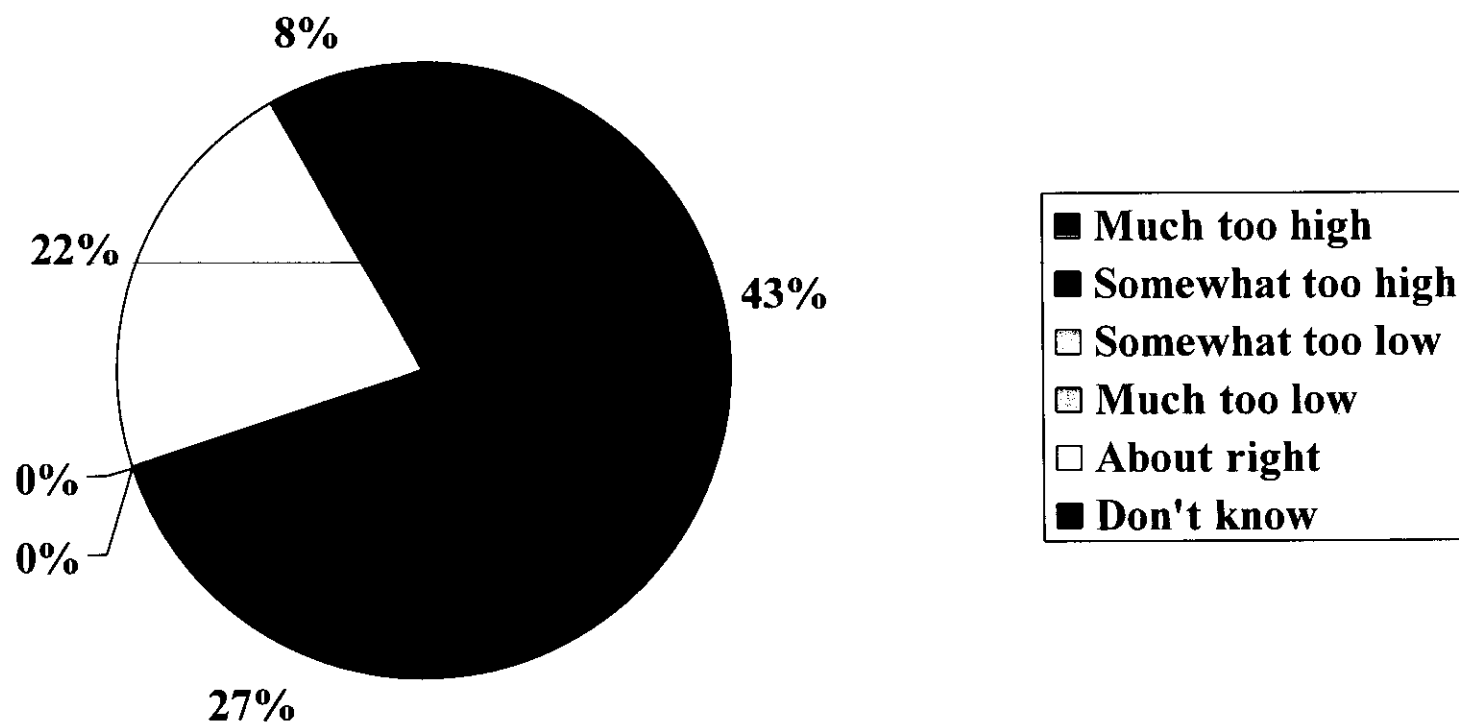




Federal Phone Taxes

Q111: Do you think the federal taxes and fees now being assessed on your phone bill are too high, too low or about right? Would you say...



Base = 860 adult Americans age 60 and over.



Switching the Universal Service Fund Fee from Usage-Based to Flat-Fee Tax

- ◆ A majority of seniors think it would be unfair for the Federal government to change the universal service fund charge from a per-use basis to a flat-fee basis. Twenty-three percent think it is fair and 11% do not know.

Male seniors are more likely than females to think this is unfair (71% vs. 62%)

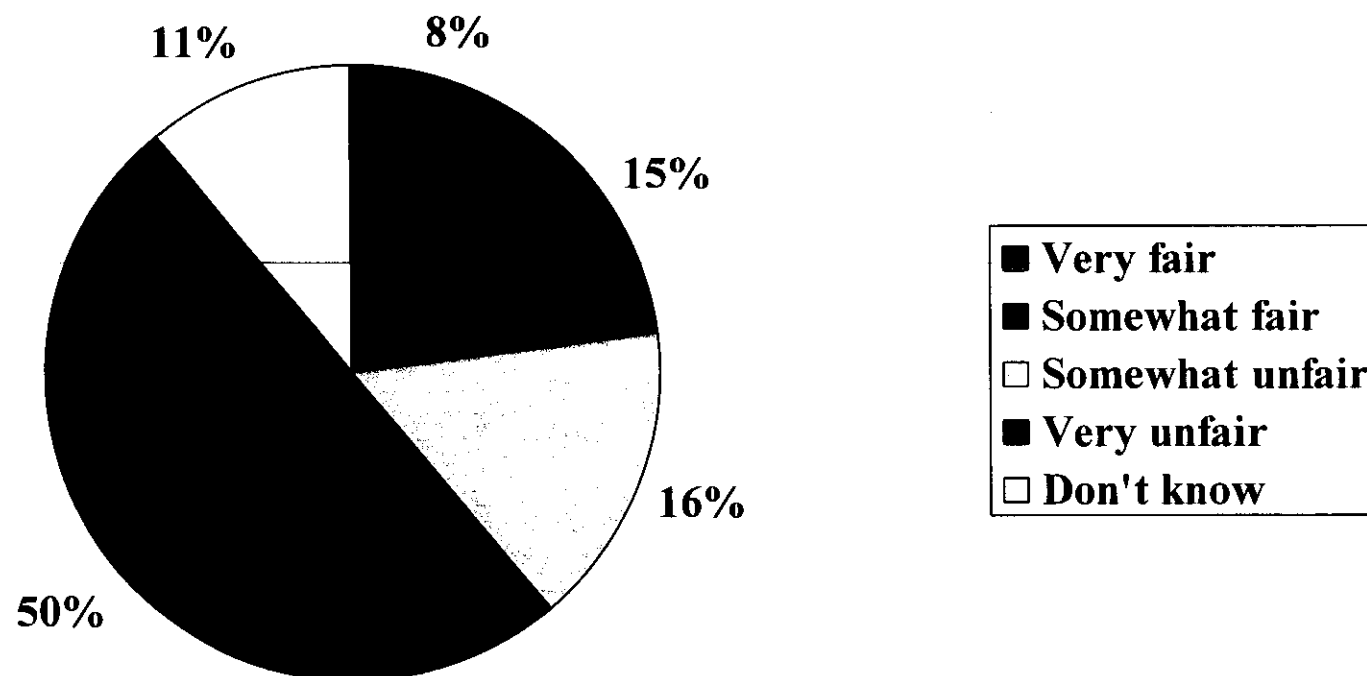
Respondents with a college education also are more likely to think this is unfair compared with those with less than a high school education (70% vs. 52%).

Households with no children are a lot more likely to think this is unfair compared to those with children (67% vs. 47%). Perhaps this is because the question wording explained “there is a plan in Washington that would change this fee to a flat charge for every phone line you have even if you don’t use the phone line to make any long distance calls.”



Switching the Universal Service Fund Fee from Usage-Based to Flat-Fee Tax

Q112: One of your long distance fees -- for the federal "universal service fund" is based on how much long distance phone service you use. There is a plan in Washington that would change this fee to a flat charge for every phone line you have even if you don't use that phone line or lines to make any long distance calls. Do you think switching this federal phone charge from a pay for what you use basis to a flat per-line rate regardless of how much long-distance you use is fair or unfair? Would you say...



Base -- 860 adult Americans age 60 and over.



Changing Who Pays For the Universal Service Fund

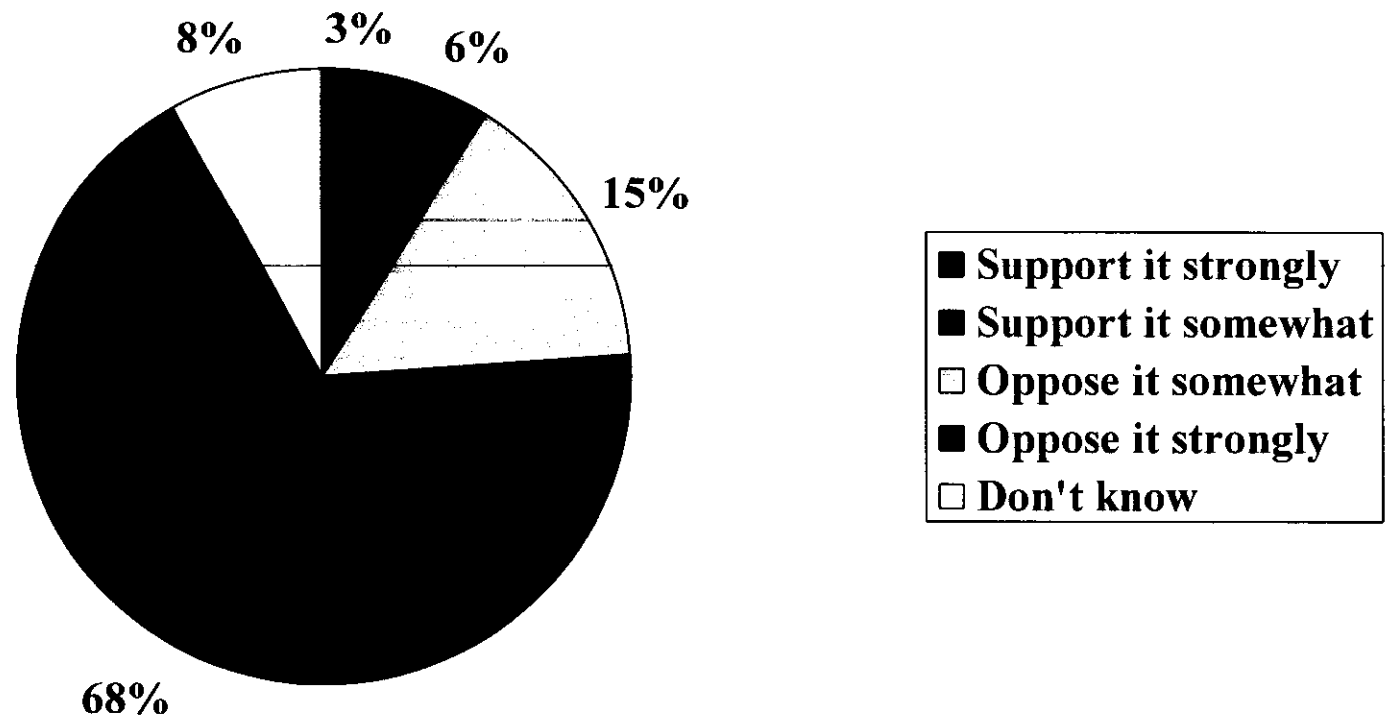
- ◆ Most seniors (83%) oppose changing the way the universal service fund fee is currently used. When explained that the service fee might be used to pay for broadband access in rural areas, 15% say they oppose it somewhat and 68% oppose it strongly. Only 8% of respondents would support such a change.

Interestingly, opposition to this change is lower in the West (77%) than any other region of the country (Northeast and Midwest both 85%, South 83%).



Changing Who Pays for the Universal Service Fund

Q113: Some people in Washington want to change the "universal service fund fee on your phone bill so that it will start paying for broadband access in rural areas. This change, however, could end up being funded by shifting more of the burden of the "universal service fund" fee onto the shoulders of senior citizens and low-income individuals who make few or even no long-distance phone calls. Would you support or oppose such a shift? Would you say you...



Base ~ 860 adult Americans age 60 and over.



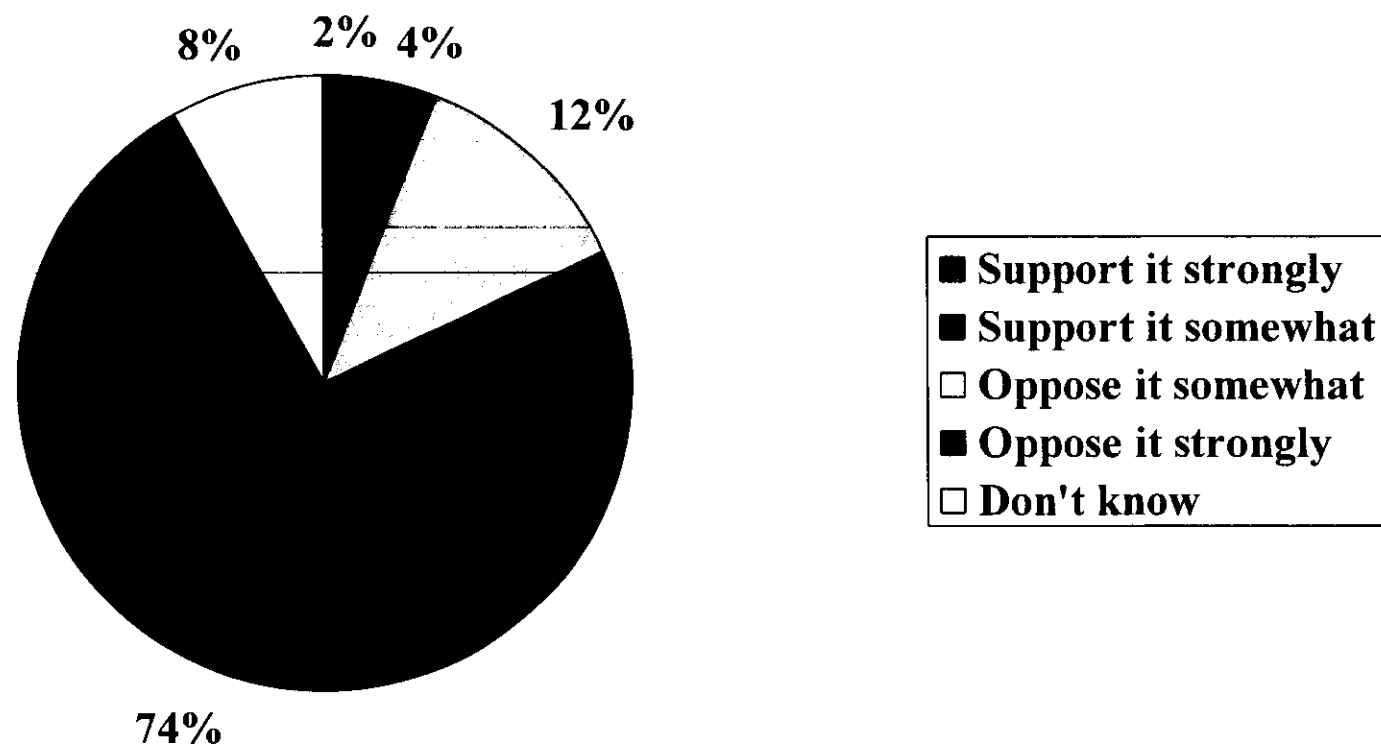
Changes in the Universal Service Fund Tax

- ◆ When asked about the changes in the universal service fund fee a slightly different way, seniors are still opposed to it. A later question explained that “the U.S. Federal Communications Commission is looking at changing the “universal service fund” fee so that 43 million households – most of them senior citizens and low-income individuals would pay in excess of \$700 million more into the federal fund than they do now.” When respondents heard the amount more they might be paying, they were opposed to the change.
- ◆ Eighty-six percent say they are somewhat or strongly opposed to this change, while only 6% would support it.



Opposition to Changing the Universal Service Fund Tax is High

Q114: The U.S. Federal Communications Commission is looking at changing the "universal service fund" fee on your phone bill so that \$43 million households – most of them seniors and low-income individuals would pay in excess of \$700 million more into the federal fund than they do now. Would you support or oppose such a change? Would you say you...



Base – 860 adult Americans age 60 and over.



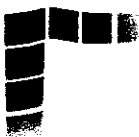
Are Seniors Already Calling Less?

- ◆ One question was asked to determine if seniors are cutting back on their telephone calling to be able to afford prescription medicines, heating and other expenses. One-third say they are calling less to be able to afford these other items. More than half (55%) have made no change.

Women are more likely than men to say they have cut back on their calling to afford life's expenses (37% vs. 29%). Men are more likely than women to say they have made no change in their calling patterns (60% vs. 51%).

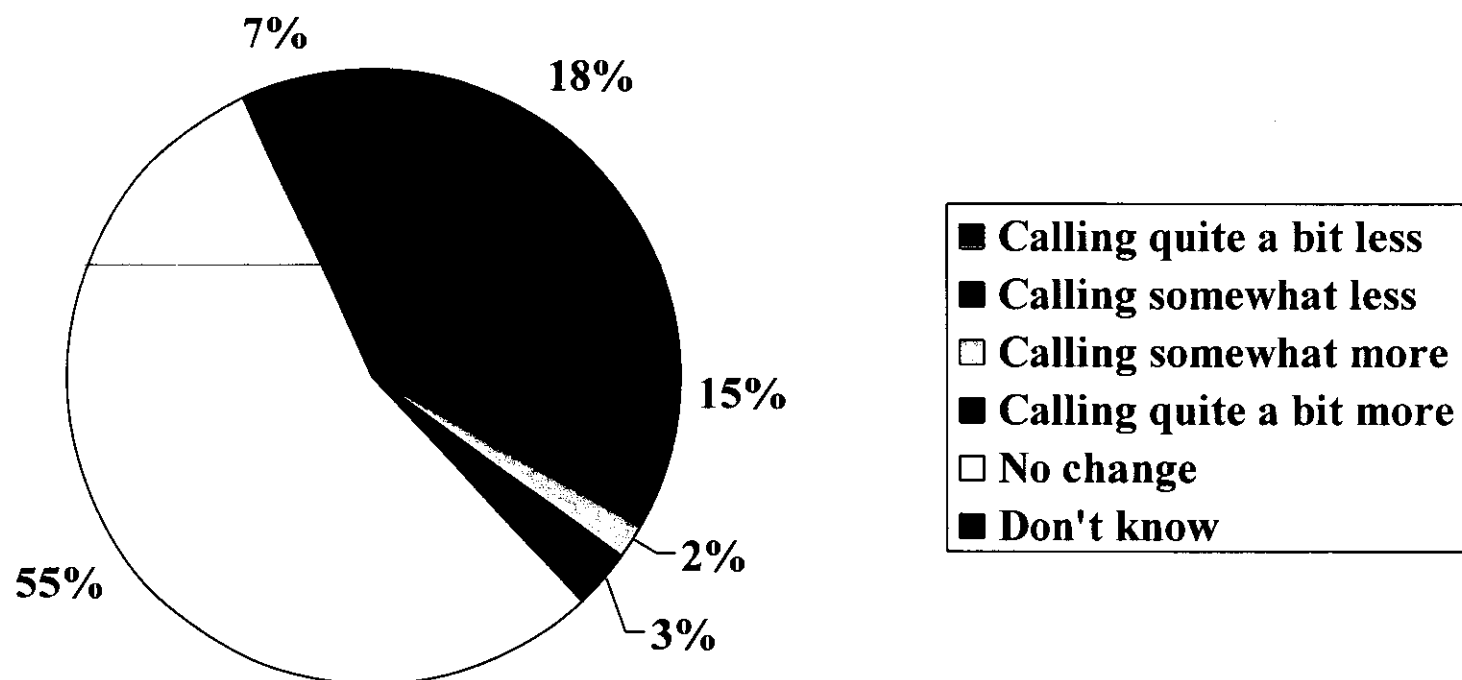
There are also regional differences for this question. Those in the West (23%) are the least likely to be cutting back on their calling to meet expenses, while those in the Northeast are doing a lot less calling (46%). Fewer in the South (33%) and Midwest (36%) have cut back as much as those in the Northeast.

Respondents with lower levels of education or household income are much more likely to have made changes in their calling habits. Forty-six percent of those with household incomes of less than \$25,000 say they have cut back on long-distance compared to only 16% of those in households with \$75,000 or more in income. Forty-four percent of those with less than a high school education have cut back on their calling compared to only 19% of those with a college degree.



Are Seniors Already Calling Less?

Q115: How much have you cut back on your long-distance calling in the last two years in order to save money needed for other things, such as prescription drugs, heating bills, and other energy charges or other expenses? Would you say you are...?



Base = 860 adult Americans age 60 and over.



Would Higher Federal Phone Taxes Force You to Cut Back Your Long-Distance Calling?

- ◆ Half of seniors say that if there was an increase of one or two dollars every month in higher federal phone fees, they would cut back on their long-distance phone calling. Forty percent would not cut back on their calling.

Women are a lot more likely than men to say they would cut back (55% vs. 44%).

Respondents in the West are the least likely to say they would cut back (44%) compared to those in the Northeast (56%), Midwest (52%) or South (50%).

Non-metro seniors – those in more rural areas – would be a lot more likely to cut back on their calling (56%) compared to those in metro regions (48%).

Sixty-two percent of seniors with household incomes of less than \$25,000 would cut back on long distance if the federal fees were raised a few dollars a month, while only 38% of those in households with incomes of \$75,000 or more would.

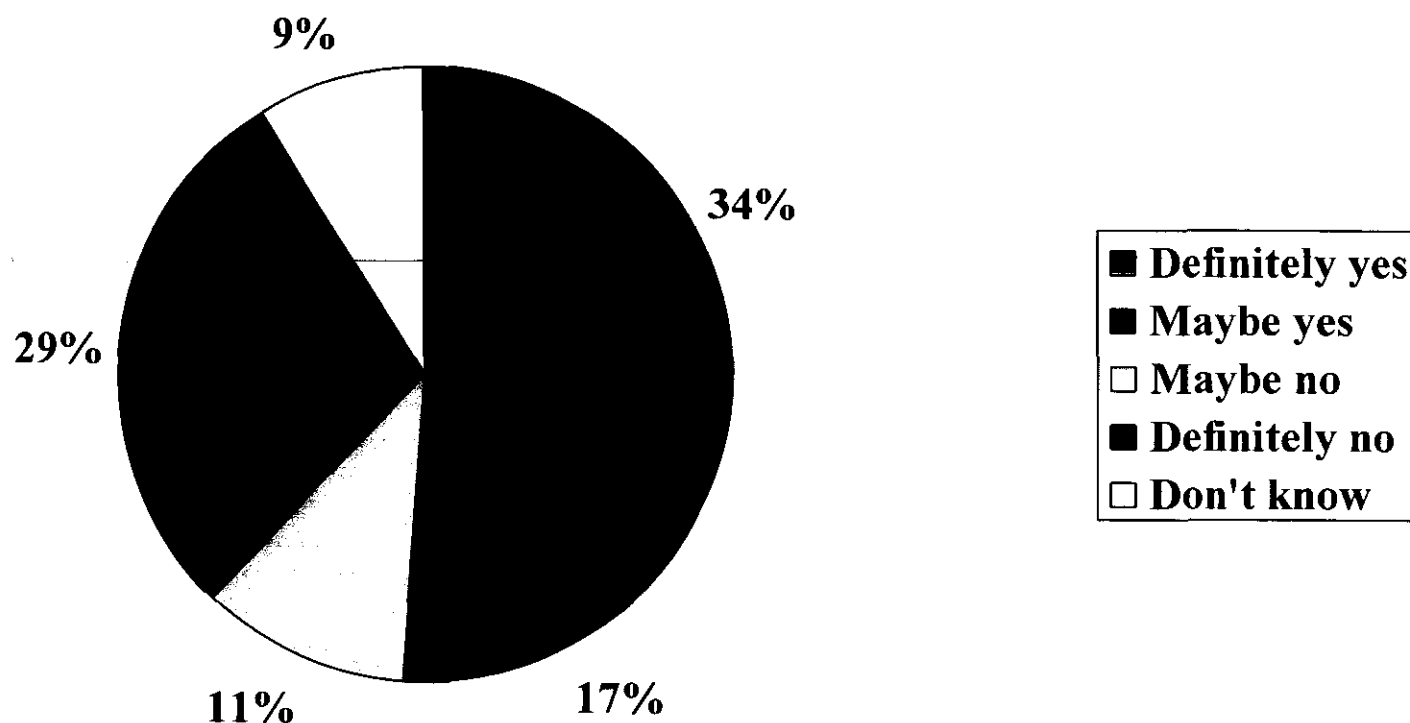
Half of respondents (55%) with less than a high school education would cut back on their calling in this instance while only 37% of those with a college degree would do the same.

More than half of seniors on a fixed income would cut back on calling (55%) compared to only 31% of those who are not on a fixed income.



Would Higher Federal Phone Taxes Force You to Cut Back Your Long-Distance Calling?

Q116: If your phone bill was raised by \$1 to \$2 every month in higher federal phone fees, would you cut back on your long distance phone calling? Would you say....?



Base = 860 adult Americans age 60 and over.



Living on a Fixed Income?

- ◆ More than three-fourths (79%) of seniors age 60 or over say they are living on a fixed income. Only 20% say they are not and only 1% does not know.

Senior women are more likely than males to say they are living on a fixed income (82% vs. 74%).

The prevalence of living on a fixed income is higher among seniors in the Northeast (84%) and lowest in the West (74%).

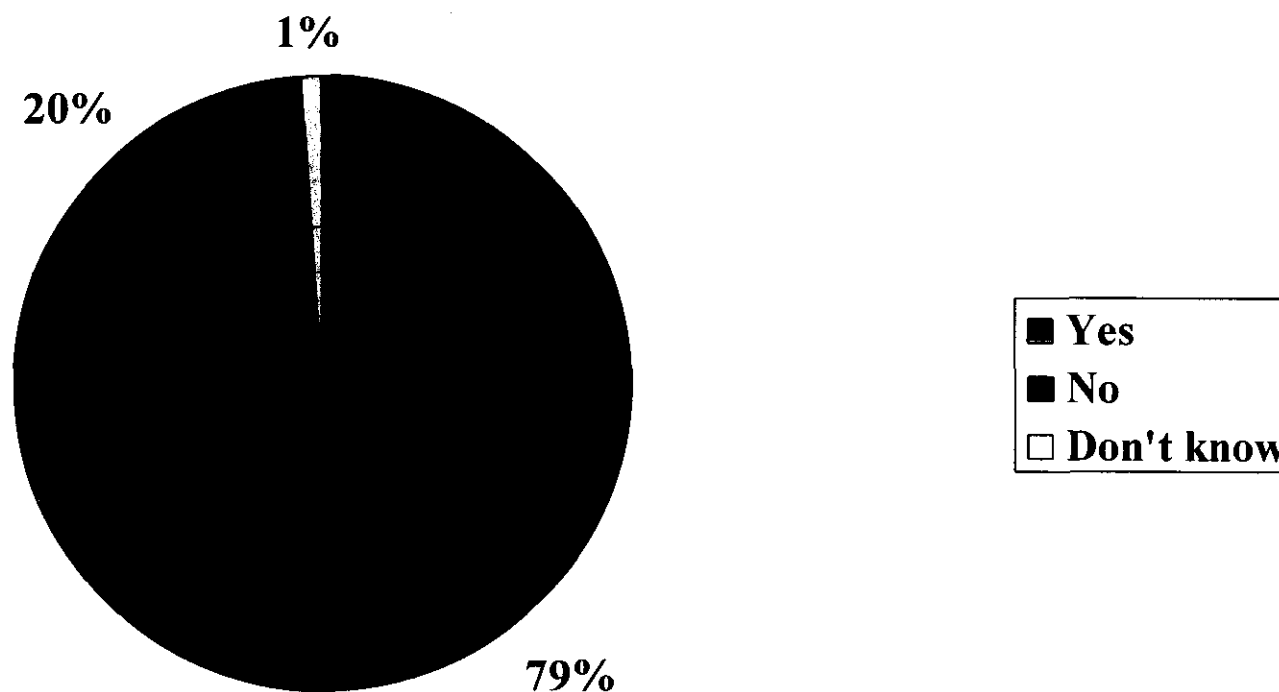
Among seniors aged 60-64 the likelihood of living on a fixed income is much lower than for those aged 65 or over (62% vs. 85%).

Far more respondents with less than a high school education are living on a fixed income than are those with a college degree (91% vs. 70%).



Living on a Fixed Income?

Q17: Would you say that you are living on a fixed income?



Base = 860 adult Americans age 60 and over.



Topline Questionnaire



Topline Results of Telephone Interviews with 860 Adult Americans Age 60 and Over,
Conducted March 16-25, 2006.

ASK IF 60 YEARS OF AGE AND OLDER, S8 [10-13], ONLY.

ALL OTHERS SKIP TO NEXT SECTION

- H1 Do you think the federal taxes and fees now being assessed on your phone bill are too high, too low or about right? Would you say . . . [READ LIST. RECORD ONE ANSWER]
(N=659)

43% Much too high
27 Somewhat too high
-- Somewhat too low
-- Much too low
22 Or, about right
7 DON'T KNOW/NOT SURE/REFUSED

- H2 One of your long-distance fees—for the federal “universal service fund”—is based on how much long-distance phone service you use. There is a plan in Washington that would change this fee to a flat charge for every phone line you have—even if you don’t use the phone line or lines to make any long-distance calls. Do you think switching this federal phone charge from a PAY-FOR-WHAT-YOU-USE basis to a FLAT PER-LINE rate—regardless of how much long-distance you use—is fair or unfair? Would you say . . . [READ LIST. RECORD ONE ANSWER]

8% Very fair
15 Somewhat fair
16 Somewhat unfair
50 Very unfair
12 DON'T KNOW/NOT SURE/REFUSED

- H3 Some people in Washington want to change the “universal service fund” fee on your phone bill so that it will start paying for broadband access in rural areas. This change, however, could end up being funded by shifting more of the burden of the “universal service fund” fee onto the shoulders of senior citizens and low-income individuals who make few or even no long-distance phone calls. Would you support or oppose such a shift? Would you say you . . . [READ LIST. RECORD ONE ANSWER]

3% Support it strongly
6 Support it somewhat
15 Oppose it somewhat
68 Oppose it strongly
9 DON'T KNOW/NOT SURE/REFUSED

H4 The U.S. Federal Communications Commission is looking at changing the “universal service fund” fee on your phone bill so that 43 million households—most of them seniors and low-income individuals—would pay in excess of \$700 million more into the federal fund than they do now. Would you support or oppose such a change? Would you say you . . . [READ LIST. RECORD ONE ANSWER]

2% Support it strongly
4 Support it somewhat
12 Oppose it somewhat
74 Oppose it strongly
8 DON'T KNOW/NOT SURE/REFUSED

H5 How much have you cut back on your long-distance calling in the LAST TWO YEARS in order to save money needed for other things, such as prescription drugs, heating bills and other energy charges, or other expenses? Would you say you are . . . [READ LIST. RECORD ONE ANSWER]

18% Calling quite a bit less
15 Calling somewhat less
2 Calling somewhat more
3 Calling quite a bit more
55 Or, has there been no change in your long distance calling
6 DON'T KNOW/NOT SURE/REFUSED

H6 If your phone bill was raised by \$1 to \$2 every month in higher federal phone fees would you cut back on your long-distance phone calling? Would you say . . . [READ LIST. RECORD ONE ANSWER]

34% Definitely yes
17 Maybe yes
11 Maybe no
29 Definitely no
10 DON'T KNOW/NOT SURE/REFUSED

H7 Would you say that you are living on a “fixed income”?

79% YES
20 NO
1 DON'T KNOW/NOT SURE/REFUSED